

**OVERSIGHT BOARD TO THE FORMER
COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF COMPTON
STAFF REPORT**

DATE: FEBRUARY 26, 2015

TO: THE HONORABLE CHAIR AND BOARD MEMBERS

FROM: EXECUTIVE DIRECTOR

SUBJECT: A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY AUTHORIZING TRANSFER OF PROCEEDS OF AVAILABLE 2010 TAX ALLOCATION BOND (SERIES A HOUSING BONDS) FROM THE SUCCESSOR AGENCY TO THE HOUSING SUCCESSOR AGENCY TO FUND LOW AND MODERATE INCOME HOUSING DEVELOPMENTS IN THE COMMUNITY

BACKGROUND

Pursuant to Resolution No.23464 adopted by the City Council on January 17, 2012, the City agreed to serve as the Successor Agency to the Community Redevelopment Agency of the City of Compton commencing upon dissolution of the Redevelopment Agency on February 1, 2012 per Assembly Bill x1 26 (“**AB 26**”). Pursuant to Resolution No. 23498 the City Council elected to retain the housing assets and housing functions of the former Redevelopment Agency commencing upon dissolution of the Redevelopment Agency.

On April 9, 2014, DOF issued its determination letter approving transfer of certain housing assets (attached) to the Successor Housing Agency to facilitate production, preservation and expansion of affordable housing for the benefit of low to moderate income households in the community. Housing Asset designation means: (a) any funds encumbered by an enforceable obligation to build or acquire low-and moderate income housing; and (b) any loan or grant receivable, funded from the low and moderate income housing (LMIHF) that require occupants by persons of low or moderate households.

STATEMENT OF THE ISSUE

Health and Safety Code Section 34176(g) provides that the entity assuming the housing functions of a former redevelopment agency (the “**Housing Successor**”) may also designate the use of and commit proceeds of the Successor Agency’s tax allocation bonds issued prior to January 1, 2011 to fund affordable housing programs consistent with bond covenants and obligation of subject bond issue (hereafter, “**Available Housing Bond Proceeds**”). Health and Safety Code Section 34176 (g) further provides that the expenditure of the bond proceeds transferred to the Housing Successor

must be listed separately on the ROPS and used in accordance with applicable housing-related provision of the CRL.

Pursuant to a Master Trust Agreement dated 1995, by and between the former Redevelopment Agency of the City of Compton and the US Bank, as trustee (the “Trustee”), the Agency issued Tax Allocation Bonds comprising of Series 2010A Project Housing; Series 2010B (the “Series 2010 Bonds”), Tax Allocation Bonds Series C (the “2010C Bonds”). The Housing Project Bonds (Housing), Series 2010A, was issued to fund low and moderate income housing developments in accordance with the Community Redevelopment Law. The available housing bond proceeds currently under the control of the Successor Agency in the amount of \$14,856,720 (see attached) is slated to be used solely to provide financing for low and moderate income housing purposes in a manner designed to increase, improve, and preserve affordable housing in compliance with certain covenants in the indenture relating to the maintenance of the tax-exemption of the interest on the 2010 Housing Bonds

In order to access the housing bonds, Health and Safety Code Section 34176(g) further provides that the Housing Successor shall provide notice to the successor agency of any designations of use or commitments of Available Housing Bond Proceeds that the Housing Successor wishes to make at least 20 days. Pursuant to Resolution #24,084 adopted by City Council on February 3, 2015(**attached**), the Housing Successor requested the transfer of available Housing Bond Proceeds from the Successor Agency solely to provide financing for low and moderate income housing purposes in a manner designed to provide: (i) down payment assistance to first time homebuyers to expand production of homeownership opportunities in the community (ii) deferred equity rehabilitation loans for homeowners. These funds have been identified in the Successor Agency’s Due Diligence Review (DDR) Report – Housing Funds as “Restricted funds” meaning the affordability restrictions would be placed on these developments as defined and referenced or allowed pursuant to the bond covenants

Furthermore, in order to complete the transfer of the housing bond proceeds to the Housing Successor, the housing bond proceeds must be listed on the Agency’s Recognized Obligation Payment Schedule (ROPS) for the Oversight Board for approval. The ROPS will then be sent to DOF for its approval. Once the ROPS are approved by DOF, the housing bond proceeds would be available to the Housing Successor to increase, improve, and preserve affordable housing as well as comply with certain covenants in the indenture relating to the maintenance of the tax-exemption of the interest on the 2010 Housing Bonds

RECOMMENDATION:

That the Board authorize the transfer of the available proceeds of Successor Agency Tax Allocation Bonds (Series A Housing Bonds) to Housing Successor to finance low and moderate income housing developments

DR. KOFI SEFA-BOAKYE
MANAGER

JOHNNY FORD

EXECUTIVE DIRECTOR

RESOLUTION NO. _____

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF COMPTON APPROVING THE TRANSFER OF AVAILABLE BOND PROCEEDS OF THE 2010A TAX ALLOCATION BOND (SERIES A HOUSING BONDS) TO THE HOUSING SUCCESSOR AGENCY TO FUND LOW AND MODERATE INCOME HOUSING DEVELOPMENTS

WHEREAS Pursuant to Resolution No.23464 adopted by the City Council on January 17, 2012, the City agreed to serve as the Successor Agency to the Redevelopment Agency commencing upon dissolution of the Redevelopment Agency on February 1, 2012 per Assembly Bill x1 26 (“**AB 26**”). Pursuant to Resolution No. 23498 the City Council elected to retain the housing assets and housing functions of the former Redevelopment Agency commencing upon dissolution of the Redevelopment Agency; and.

WHEREAS, on April 9, 2014, DOF issued its determination letter approving transfer of certain housing assets (attached) to the Housing Successor Agency to facilitate production, preservation and expansion of affordable housing for the benefit of low to moderate income households in the community. Housing Asset designation means: (a) any funds encumbered by an enforceable obligation to build or acquire low-and moderate income housing; and (b) any loan or grant receivable, funded from the low and moderate income housing (LMIHF) that require occupants by persons of low or moderate households; and

WHEREAS, Health and Safety Code Section 34176(g) provides that the entity assuming the housing functions of a former redevelopment agency (the “**Housing Successor**”) may also designate the use of and commit proceeds of the Successor Agency’s tax allocation bonds issued prior to January 1, 2011 to fund affordable housing programs consistent with bond covenants and obligation (hereafter, “**Available Housing Bond Proceeds**”); and

WHEREAS, pursuant to a Master Trust Agreement dated 1995, by and between the former Community Redevelopment Agency and the US Bank, as trustee (the “Trustee”), the Agency issued Tax Allocation Housing Bonds (Series 2010A), Tax Allocation Bonds, Series 2010B (the “Series 2010 Bonds B”), Tax Allocation Bonds Series C (the “2010 C Bonds); and

WHEREAS, the Tax Allocation Bonds, Series 2010A, was issued to fund low and moderate income housing developments in accordance with the Community Redevelopment Law; and

WHEREAS, according to the city’s bond trustee (US Bank), there remains available balance of \$14,856,120 in housing bond proceeds (see attached) currently under the control of the Successor Agency slated to be used to provide financing for low and moderate income housing in a manner designed to increase, improve, and preserve affordable housing as well as comply with certain covenants in the indenture relating to the maintenance of the tax-exemption of the interest on the 2010 Housing Bonds; and

WHEREAS, Health and Safety Code Section 34176(g) further provides that the Housing Successor shall provide notice to the successor agency of any designations of use or commitments of Available Housing Bond Proceeds that the Housing Successor wishes to make at least 20 days before the deadline for submission of the ROPS to the oversight board; and

WHEREAS, pursuant to Resolution#24,084 adopted by City Council on February 3, 2015, (attached), the Housing Successor requested transfer of available Housing Bond Proceeds from the Successor Agency to solely to provide financing for low and moderate income housing purposes in a manner designed to provide: (i) down payment assistance to first time homebuyers to expand production of homeownership opportunities in the community (ii) deferred equity rehabilitation loans for homeowners; and

WHEREAS Health and Safety Code Section 34176 (g) further provides that the expenditure of the bond proceeds transferred to the Housing Successor must be listed separately on the ROPS and used in accordance with applicable housing-related provision of the CRL; and

WHEREAS, in order to complete the transfer of the housing bond proceeds to the Housing Successor, the Board must approve the transfer and direct that expenditure of Available Housing Bond Proceeds must be listed separately on the ROPS and then be sent to DOF for its approval.

NOW, THEREFORE, THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE CITY OF COMPTON, HEREBY FINDS, DETERMINES, RESOLVE, AND ORDERS AS FOLLOWS:

Section 1. That the above recitals are true and correct and are a substantive part of this Resolution.

Section 2. That the Board hereby approves the transfer of the available bond proceeds in the amount of \$14,856,120 (Series A Housing Bonds, attached) to the Housing Successor Agency to finance low and moderate income housing developments .

Section 3. That pursuant to the Health and Safety Code, the Housing Successor Agency assumes all rights, powers, duties, and obligations associated with the housing activities of the former Agency related to the transferred housing assets.

Section 4. The officers and staff of the City are hereby authorized and directed, jointly and severally, to execute and record such documents and instruments and to do any and all other things which they may deem necessary or advisable to effectuate this Resolution.

ADOPTED this ____ day of _____, 2015.

**CHAIRPERSON OF THE OVERSIGHT BOARD
TO THE SUCCESSOR AGENCY TO THE
COMMUNITY REDEVELOPMENT**

AGENCY OF THE CITY OF COMPTON

ATTEST:

**ESTEVAN PADILLA,
SECRETARY TO THE OVERSIGHT BOARD
TO THE SUCCESSOR AGENCY TO THE
COMMUNITY REDEVELOPMENT
AGENCY OF THE CITY OF COMPTON**

STATE OF CALIFORNIA
COUNTY OF LOS ANGELES
CITY OF COMPTON: ss

I, Estevan Padilla, Secretary to the Oversight Board to the Successor Agency to the Community Redevelopment Agency of the City of Compton, hereby certify that the foregoing resolution was adopted by the Board, signed by the Chairperson, and attested by the Secretary at the regular meeting thereof held on the _____ day of _____, 2015.

That said resolution was adopted by the following vote, to wit:

**AYES: BOARD MEMBERS -
NOES: BOARD MEMBERS -
ABSENT: BOARD MEMBERS -**

**ESTEVAN PADILLA,
SECRETARY TO THE OVERSIGHT BOARD
TO THE SUCCESSOR AGENCY TO THE
COMMUNITY REDEVELOPMENT
AGENCY OF THE CITY OF COMPTON**